

# EAST ANACONDA DEVELOPMENT AREA HOTEL PROPOSAL

April 9, 2020

Submitted to: Bill Everett, Chief Executive ADLC  
Anaconda, Montana

Submitted by: Mike Johnson, President, MCI  
Show Me Anaconda, LLC



Hotel Concept 3  
Anaconda, Montana

## ***EXECUTIVE SUMMARY***

The enclosed is a response to the request for proposal issued on Wednesday, March 18, 2020 for the development of a 20-acre parcel in the East Yards Development Area.

The development team for this project consists of:

- Architect and Engineering Firm: Jackola Engineering and Architects
- Construction: AMI Development
- Hotel Developer and Project Management: Management Consultants, Inc.

The development team is proposing the construction of a 78-room Best Western Signature Collection Hotel with a connecting restaurant and meeting facility. All three of these offerings will be under one roof. Our proposal meets or exceeds the requested amenities and guest offerings requested in the proposal.

The developer is in negotiations with Barclay II of Anaconda to relocate from their current location and move their iconic restaurant to this development within the restaurant shell provided by the hotel construction. This move is seen as a way to expand the business of this already successful operation while providing the hotel guests with a first-class dining experience.

The remaining 15 acres (roughly) will be developed as soon as reasonably possible. It is the intention of the development team to market this property aggressively. The targets include, but are not limited to, professional office buildings, medical facilities, retail outlets, and other commercial tenants that are compatible with the development area.

It is critical that the ALDC understand that all of the material and project elements presented within this proposal are preliminary in nature and must be further evaluated and advanced. No applications have been signed, no contracts negotiated, no formal agreements reached. All of this work will commence as soon as the project is awarded. In order to begin construction this summer, time is of the essence.

As of April of 2020, the COVID-19 global pandemic is still raging. This virus has created a tremendous disruption to the entire economy, but it has hit the hospitality and restaurant businesses extremely hard. It is unclear how we will exit this crisis, but it is fairly certain that a new normal will result. Thus, it is important to note that the path forward for this project may not be without challenges that are not yet clear or fully understood.

PROPOSAL RESPONSE LETTER

PROPOSER SHOW ME ANACONDA, LLC

In response to the above titled Request for Proposal (RFP), the undersigned hereby proposes to Anaconda-Deer Lodge County (ADLC) to construct a hotel facility and related amenities as stipulated in the RFP.

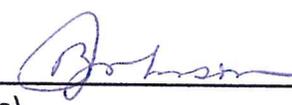
The undersigned agrees that this proposal constitutes a firm offer to ADLC which cannot be withdrawn for forty-five (45) calendar days from the proposal due date.

The undersigned certifies that the Proposer has examined and is fully familiar with all of the provisions of the RFP, and is satisfied they are accurate; that the Proposer has carefully checked all the words and figures and all statements made in this proposal; that the Proposer has satisfied itself with respect to the actual site conditions; and other matters which in anyway affect the construction of the hotel facility. The undersigned hereby agrees on behalf of Proposer that ADLC will not be responsible for any errors or omissions in this proposal.

If awarded the property, the undersigned agrees to execute a Contract with ADLC within thirty (30) days of receipt. The undersigned hereby certifies that he or she is authorized to bind the Proposer to this proposal, and to a contractual agreement resulting therefrom.

Attached are the required RFP responses and all other information which the Proposer desires considered as part of this proposal. The Proposer acknowledges that ADLC, at its option, may incorporate the information submitted by the Proposer into a resulting contractual agreement.

The undersigned also acknowledges receipt, understanding and full consideration of the following addenda to the RFP. If no addenda have been received, enter "none". Addenda Nos. None.

BY:   
(Signature)

MIKE JOHNSON  
(Type or Print Name)

Managing Member  
(Title)

4/5/2020  
(Date)

## PROPOSER'S BUSINESS INFORMATION

### 1. ADMINISTRATIVE INFORMATION

Please submit the following information:

- Name of Proposer: SHOW ME ANACONDA, LLC
- Type of business entity: Partnership  
(Sole Proprietorship, Partnership, Corporation, Joint Venture, etc.)
- Parent corporation (if applicable): N/A
- For corporation, state of incorporation: MONTANA
- Federal Tax Identification Number: TBD

- **Information For Contract Notices**

Street: 2900 HARRISON AVE c/o Mike Johnson

P.O. Box: \_\_\_\_\_

City, State, Zip: Butte, MT 59701

Phone No.: 406-490-9556

Fax No.: 406-494-7611

Attention: MIKE JOHNSON

Name and Title

## ***SECTION 2.3: STATEMENT OF QUALIFICATIONS***

Show Me Anaconda, LLC will be formed to conduct business as a Best Western Signature Collection hotel and meeting facility. This organization will serve as the landlord for the proposed leased restaurant. We are in discussions with Barclay II to become the restaurant tenant.

The hotel and building assets will be managed by Management Consultants, Inc (MCI) headquartered in Butte. MCI currently manages 10 hotels in Montana, two bars, two restaurants, and other ancillary businesses to the hospitality industry.

The hotel will be designed by Jackola Architects and Engineers of Kalispell and constructed by AMI Development of Kalispell. AMI, Jackola, and MCI have teamed up on four (4) hotel construction projects within the last five years. AMI has extensive experience in land development and project construction throughout the Pacific Northwest.

The hotel projects currently under management by MCI are outlined in the Section 2.4: PAST EXPERIENCE which immediately follows this section. Included in this section are pictures and a brief explanation as to the service elements of the properties.

The development team believes that this proposal represents the highest and best use of the proposed property. The community of Anaconda has been searching for a lodging facility that will assist in the attraction of meetings, small conventions, sporting events, additional tourism and transient visitors, and business travelers wishing to stay in the area. This hotel will serve as a magnet for all of these market segments and will also encourage users of the Old Works Golf Course and Discovery Basin Ski Area to spend additional time in town and potentially add to their travel itinerary.

The potential to team up with the Barclay II restaurant is very exciting. This new restaurant location will allow the Barclay II team to modernize and expand their already excellent business while offering the guests of the hotel the fine-dining experience only they can offer. This combination will allow the independent operation of the restaurant. The synergistic opportunities presented with this combination will make both entities better and stronger.

**SECTION 2.4: Statement of Previous Development** - A summary of our recent hotel developments

**My Place Hotel Kalispell, Montana**



- Opened May, 2019
- 85 Extended-Stay Units
- Guest Laundry
- Outdoor Barbecue/Picnic
- Expanded Sundry Shop



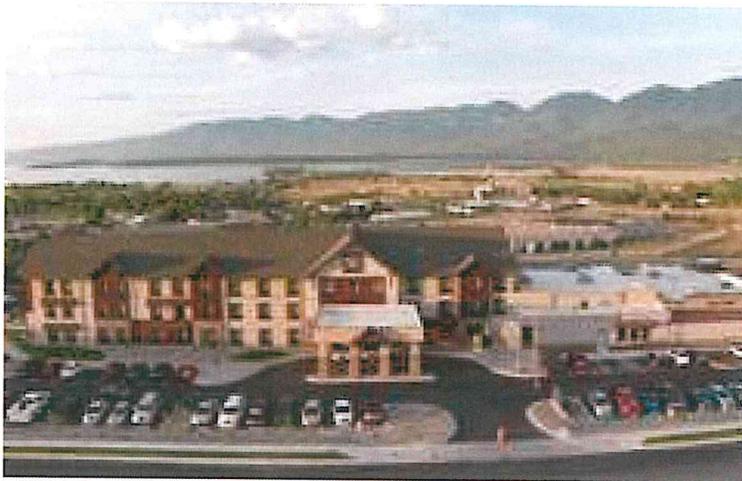
**SpringHill Suites by Marriott Kalispell, Montana**



- Opened June, 2016
- 101 All Suite Guest Rooms
- State-of-the-Art Fitness Center
- Indoor Pool
- Outdoor Fire Pit Patio
- Complimentary Breakfast
- Business Center
- Sundry Shop
- Guest Laundry
- Interactive touch-screen lobby display unit
- Expanded In-Room entertainment package
- 1,500 sq. ft of meeting space



## Red Lion Inn & Suites, Polson, Montana



- Opened July, 2015
- 80 Guestrooms, Traditional and Suite Style
- Indoor Pool
- Fitness Center
- 2800 Sq. Ft Convention Space
- Complimentary Breakfast
- Business Center
- Sundry Shop
- Guest Laundry
- Full-Service Restaurant (leased)



## Hampton Inn by Hilton, Kennewick, Washington



- Opened May, 2015
- 80 Traditional Guestrooms
- Indoor Pool
- Fitness Center
- Complimentary Breakfast
- Sundry Shop
- Business Center
- Guest Laundry



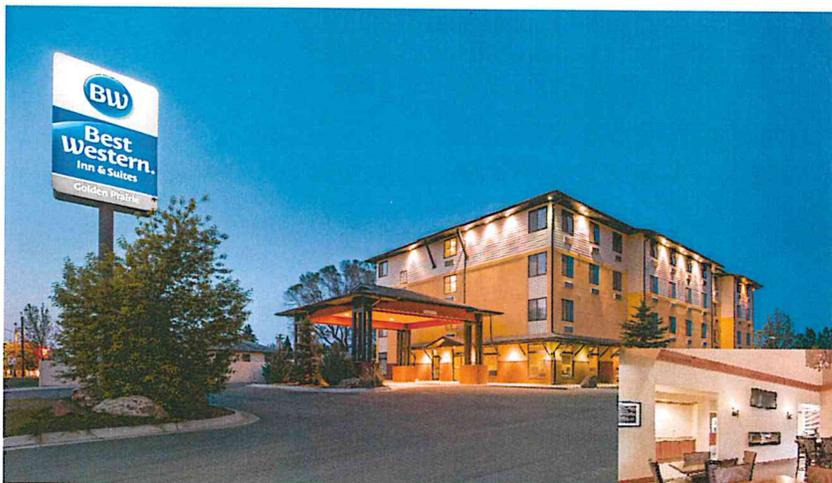
## Best Western Shelby Inn & Suites, Shelby, Montana



- Opened February, 2014
- 74 Traditional and Suite Style Guestrooms
- Indoor Pool
- Fitness Center
- Complimentary Breakfast
- Sundry Shop
- Business Center
- Guest Laundry
- RV Park



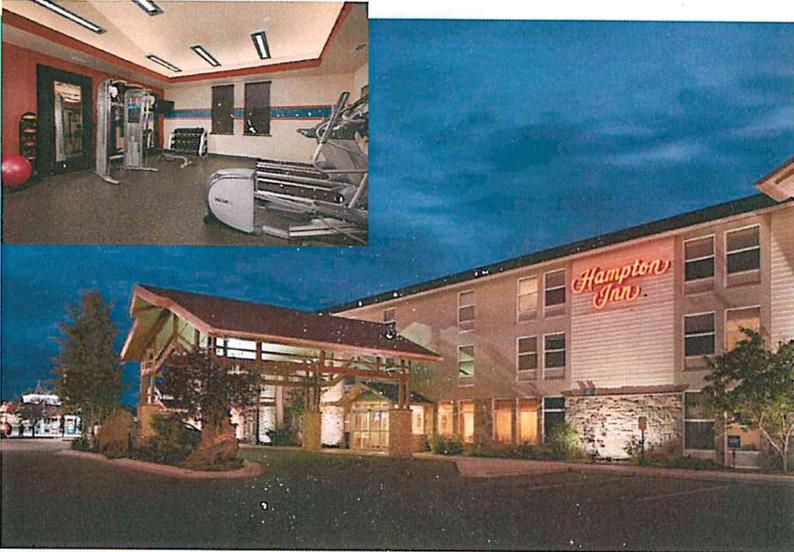
## Best Western Golden Prairie Inn & Suites, Sidney, Montana



- Opened March, 2012
- 72 Traditional and Suite Style Guestrooms
- Indoor Pool
- Fitness Center
- Complimentary Breakfast
- Business Center
- Sundry Shop
- Guest Laundry



## Hampton Inn by Hilton, Butte, Montana



- 91 Traditional Guestrooms – renovated 2019
- State of the Art Fitness Room
- Indoor Pool
- Complimentary Breakfast
- Sundry Shop
- Business Center
- Guest Laundry



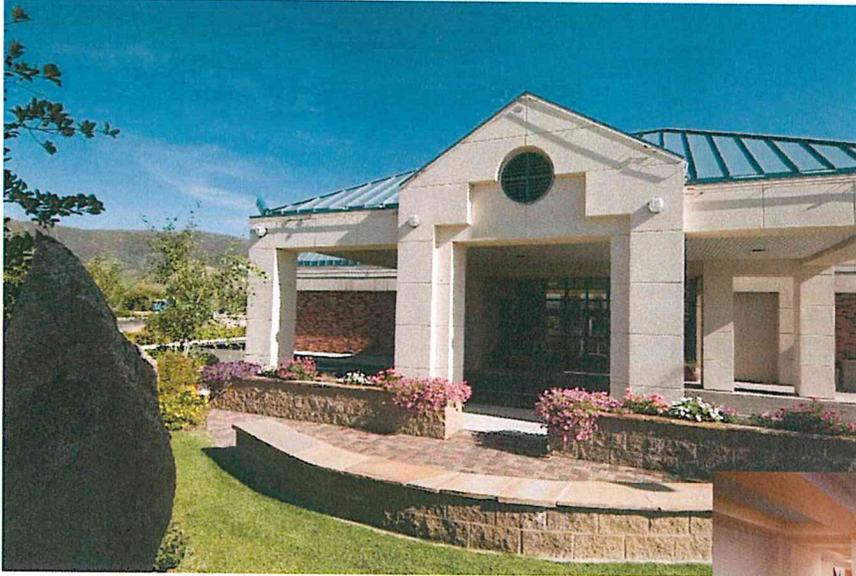
## Best Western Plus Grant Creek Inn, Missoula, Montana



- Opened May, 1997, complete renovation 2019
- 126 Traditional and Suite Style Guestrooms
- Indoor Pool
- Fitness Center
- 4,000 Sq. Ft Convention Space
- Complimentary Breakfast
- Sundry Shop
- Business Center
- Guest Laundry



## Best Western Plus Butte Plaza Inn, Butte, Montana



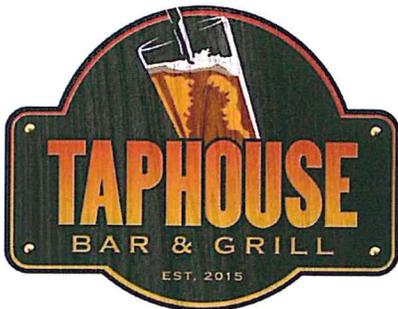
- Complete renovation 2019
- 133 Traditional Guestrooms
- Indoor Pool
- Fitness Center
- Guest Laundry
- Complimentary Breakfast
- Sundry Shop
- Pub & Casino
- Full Service Restaurant



## Restaurant Developments:

Taphouse Bar & Grill, Sidney, Montana

- Opened 2015



Dickey's Barbecue Pit, Butte, Montana

- Opened 2019



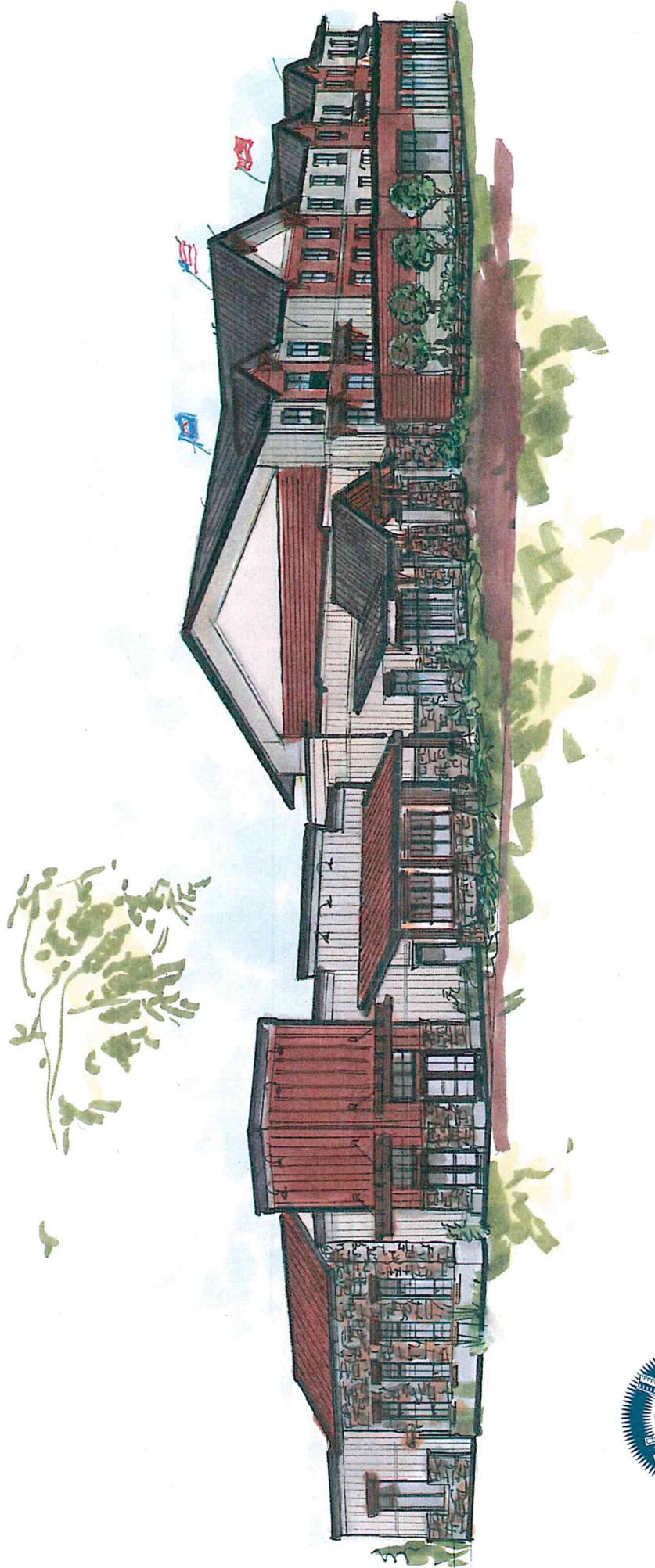
## **SECTION 2.5: PROPOSED USE**

A parcel approximately 5 acres in size will be used to develop a hotel, meeting space, and restaurant shell for future lease. The preliminary site plan drawing is presented in Section 2.9: SITE PLAN. The proposed site plan will need to be discussed with County officials, utility companies, and applicable agencies. However, you can see from this picture how the development team intends to divide and allocate the 20 acres.

The proposed Best Western Signature Collection hotel will be a limited-service lodging facility containing 78 rentable units. The 3-story property is planned to open June of 2021 with construction commencing late this summer. The proposed hotel and leased restaurant will be phase one of a larger development plan.

Details of the proposed hotel facility:

- Brand: BEST WESTERN SIGNATURE COLLECTION
- 78 rooms – all interior access
- Restaurant shell completed – interior to be designed and developed by tenant
- 3,500 square foot meeting space located between the hotel and restaurant
- State-of-the-art fitness center
- Swimming pool
- Hot Tub
- Adequate parking for hotel guests, restaurant patrons, and meeting facility users
- A pantry kitchen will be included so a free, hot breakfast can be served to guests daily
- The hotel will be pet friendly
- A sundry shop offering convenience items for sale to guests
- Guest laundry facility
- A board room/meeting room suited to 8 – 12 people
- Business center available to guests 24 hours per day
- Four family suites designed to attract larger families or groups
- Surface parking
- Freestanding signage
- Separate entrance for the restaurant and meeting facility



**Hotel Concept  
Anaconda, Montana**





Hotel Concept 2  
Anaconda, Montana





Hotel Concept 3  
Anaconda, Montana



## ***SECTION 2.6: TECHNICAL COMPATIBILITY***

The proposed hotel and leased restaurant are compatible with the surrounding land uses and the ADLC development districts. It is the intention of the development team to partner with all stakeholders within the community to ensure that this facility conforms to the zoning and permitting requirements of the all parties.

The subject site is located in the shadow of the former smelter's smoke stack. This landmark remains an important feature within the community. The rich history of mining will be evident in the design of the entire facility.

All applicable state and local codes and ordinances will be followed.

**SECTION 2.7: FINANCIAL CAPABILITY**

The financial incentives offered by the ADLC and the Arco decree are critical to the development of this property. Without these contributions to the project, it is very unlikely that a hotel would ever be developed in this area due to large risks and many unknowns.

In addition to the funds and county-financing offered by this proposal, the development team will raise \$3,000,000 in private equity. The remainder will be financed through traditional methods - approximately \$4,400,000. This capitalization plan is very similar to the previous developments we have completed.

The capital costs associated with the proposed hotel and leased restaurant shell are as follows:

Construction Costs	\$ 6,712,875.00
Builders' Risk Insurance	24,000.00
Construction Period Interest	140,000.00
Pre-Opening Expense	40,000.00
Pre-Opening Marketing	25,000.00
A & E	165,000.00
Appraisal and Bank Fees	35,000.00
Infrastructure Fees	20,000.00
FF & E	1,500,000.00
Operating Reserve	75,000.00
Construction Contingency	125,000.00
Soft Cost Contingency	50,000.00
Franchise Fees	75,000.00
Management Fees	125,000.00
Property Vehicle	25,000.00
Pool, Spa, Meeting Space	150,000.00
Added Parking Lot	50,000.00
RESERVE FUND - Loss recovery	1,000,000.00
Total Costs:	\$10,336,875.00

# ANACONDA HOTEL PROPERTY

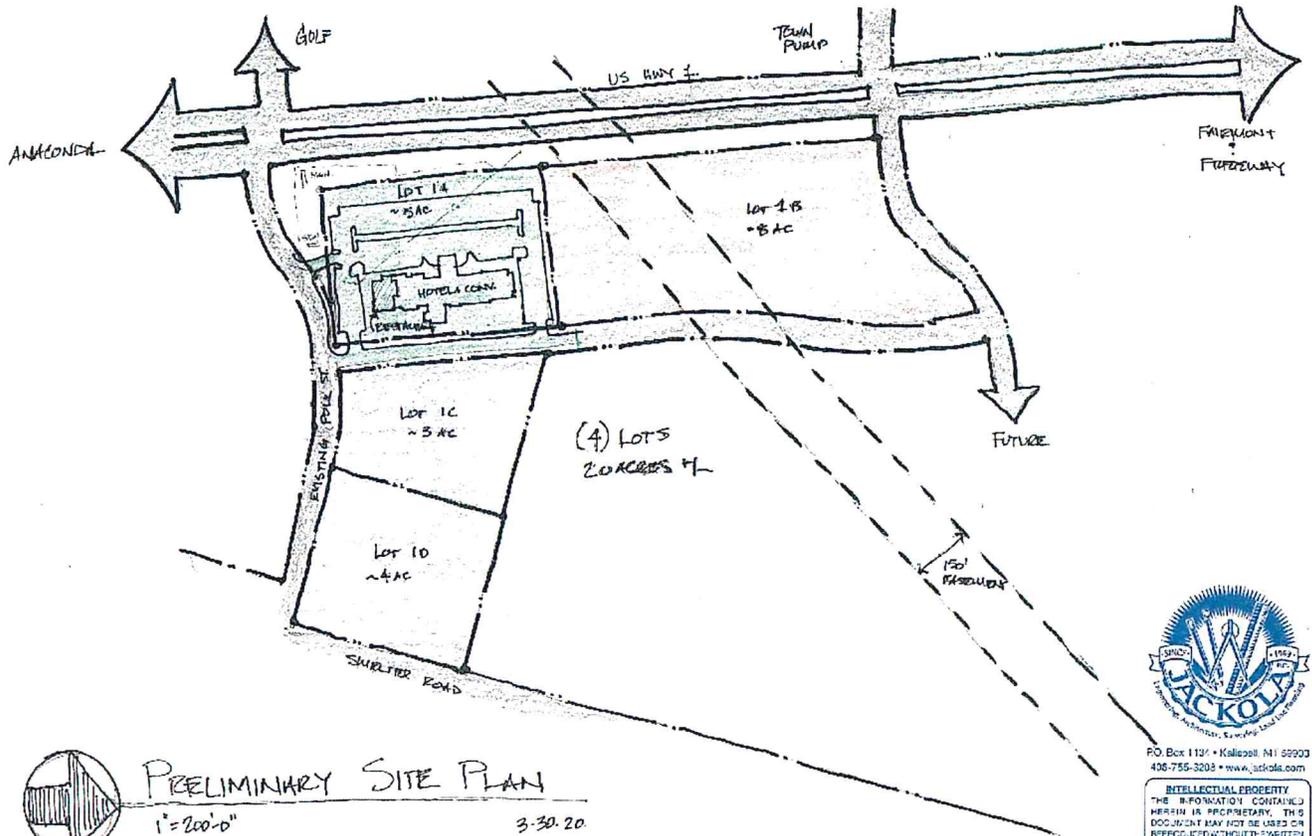
## 78 Rooms

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	
Occupancy	56.6%	56.7%	57.9%	59.0%	59.0%	61.0%	61.0%	61.0%	61.0%	61.0%	61.0%	2.0% growth in Occupancy - steps in Yr. 4
No. Rms Rented	15,835.56	16,152	16,475	16,805	16,805	17,367	17,367	17,367	17,367	17,367	17,367	
Rooms Available	28,470.00	28,470	28,470	28,470	28,470	28,470	28,470	28,470	28,470	28,470	28,470	
Average Rate	93.31 \$	97.22 \$	100.14 \$	103.15 \$	106.24 \$	109.43 \$	112.71 \$	116.09 \$	119.57 \$	123.16 \$	126.86 \$	3% growth in ADR
REVENUE:												
Rooms	\$ 1,477,543.08	\$ 1,570,391.89	\$ 1,649,853.72	\$ 1,733,336.31	\$ 1,785,336.40	\$ 1,900,380.85	\$ 1,957,392.28	\$ 2,016,114.05	\$ 2,076,597.47	\$ 2,138,895.39	\$ 2,203,062.25	
Other Income	\$ 17,800.00	\$ 57,800.00	\$ 57,800.00	\$ 102,800.00	\$ 156,800.00	\$ 156,800.00	\$ 156,800.00	\$ 156,800.00	\$ 156,800.00	\$ 156,800.00	\$ 156,800.00	Ground leases added Yr. 2 and Yr. 4 net of costs
TOTAL REVENUE	\$ 1,495,343.08	\$ 1,628,191.89	\$ 1,707,653.72	\$ 1,836,136.31	\$ 1,942,136.40	\$ 2,057,180.85	\$ 2,114,192.28	\$ 2,172,914.05	\$ 2,233,397.47	\$ 2,295,695.39	\$ 2,359,862.25	Restaurant rent begins year 5
LABOR:												
TOTAL LABOR COST	\$ 568,607.44	\$ 585,665.66	\$ 603,235.63	\$ 621,332.70	\$ 639,972.68	\$ 659,171.87	\$ 678,947.02	\$ 699,315.43	\$ 720,294.89	\$ 741,903.74	\$ 764,160.85	3% growth in labor costs annually
TOTAL OPR. EXP.	\$ 658,726.93	\$ 675,195.10	\$ 692,074.98	\$ 709,376.85	\$ 727,111.27	\$ 745,289.05	\$ 763,921.28	\$ 783,019.31	\$ 802,594.80	\$ 822,659.67	\$ 843,226.16	2.5% growth in Operating expenses annually
Available for Debt Service	\$ 288,008.71	\$ 367,331.12	\$ 412,343.11	\$ 506,426.76	\$ 575,024.45	\$ 652,719.93	\$ 671,323.88	\$ 690,579.30	\$ 710,507.78	\$ 731,131.99	\$ 752,475.24	
Mortgage	0.87	1.19	1.34	1.64	1.87	1.46	1.50	1.54	1.58	1.63	1.68	
Debt Assumed:												
Bank Mortgage	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	(\$287,975.92)	Reserve Equity \$ 1,000,000.00 Debt \$ 4,336,875
County Revolving Loan Fund	(\$20,000.00)	(\$20,000.00)	(\$20,000.00)	(\$20,000.00)	(\$20,000.00)	(\$160,485.17)	(\$160,485.17)	(\$160,485.17)	(\$160,485.17)	(\$160,485.17)	(\$160,485.17)	Payment \$ 23,897.99 bank amt County Revolving Payment \$ 2,000,000.00 (\$3,197,89) after 5th year
CASH AFTER DEBT SERVICE	\$ (39,967.21)	\$ 59,355.20	\$ 104,367.18	\$ 197,450.84	\$ 267,076.52	\$ 204,258.84	\$ 222,862.88	\$ 242,118.21	\$ 262,046.68	\$ 282,670.89	\$ 304,014.15	
CAPITAL REPLACEMENT FUND	\$ -	\$ 5,995.52	\$ 10,436.72	\$ 19,745.08	\$ 26,707.65	\$ 20,425.88	\$ 22,286.29	\$ 24,211.82	\$ 26,204.67	\$ 28,267.09	\$ 30,401.41	
REMAINING FREE CASH FLOW	\$ (39,967.21)	\$ 53,419.68	\$ 93,930.46	\$ 177,705.75	\$ 240,368.87	\$ 183,832.95	\$ 200,576.59	\$ 217,906.39	\$ 235,842.01	\$ 254,403.80	\$ 273,612.73	

## ***SECTION 2.8: CASH FLOW ANALYSIS***

Per the requirements of the proposal, the development team presents on the next page a 10-year pro-forma with a cash flow analysis. The revenues (driven by estimated occupancy and average rates) along with operating expenses and financing costs are shown in the 10-year analysis on the next page. The resulting cash flow is presented as the last line of analysis. The operating income of the proposed hotel and leased restaurant are adequate to meet traditional financing hurdles.

# SECTION 2.9: SITE PLAN



P.O. Box 1117 • Killebrew, NJ 08903  
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